

The total revenue for the year was £11,722, of which sum £11,301 was contributed by the New Zealand Government and local bodies.

While appreciating to the fullest extent that the local bodies have contributed the amounts agreed upon, I feel that they will readily concede that payment by quarterly instalments would enable the Board to operate its budgetary system more effectively. Last year the Government paid quarterly, but most of the local bodies forwarded their contributions during the two months before balance date.

BALANCE-SHEET.

(a) *Capital.*—In order to obviate an annual repetition of numerous items, an amalgamation has been effected by which three headings only are shown.

(b) *Centennial Art Exhibition Loan Account.*—To meet the preliminary expenses of the special Centennial Art Exhibition to be held during the Centennial Exhibition period, a loan of £1,000 free of interest was made by certain private lenders, and the Government agreed to make a loan of a similar amount also free of interest. These loans will be repaid from the profits of the Exhibition.

(c) *Reserves.*—To carry out certain functions, Reserves have been created, viz.—

- (i) Centennial Art Exhibition Reserve, £610 5s. This Reserve is for use in connection with the Centennial Art Exhibition. It is expected that the amount will be reimbursed from proceeds of the Exhibition.
- (ii) Educational Purposes Reserve, £600: This Reserve has been created to enable an educational programme to be carried out, particularly in the districts outside the Wellington area.
- (iii) Picture Purchase Reserve, £162 11s. 3d.: This Reserve is being built up for the purchase of pictures for the Art Gallery.
- (iv) Repairs, Renewals, and Extensions Reserve, £1,750: The necessity of providing for depreciation has been pointed out in previous reports. Rather than write down the assets, the Board considered it preferable to build up a Reserve to meet extraordinary expenditure on repairs and renewals of building and fittings and so keep such assets in good condition. For example, the Board will be faced with the cost of painting the steel window-frames at frequent intervals to preserve them from rust.

(d) *Cash at Bank.*—The balance of cash in bank, £6,598 14s. 10d., is largely due to the payment on the 30th March of the promised contribution from the Employment Promotion Fund towards the completion of grounds, Carillon lift, and furnishings and fittings. Part of the amount had been anticipated in the capital expenditure made during the year.

Since 31st March £4,000 has been invested with the Public Trustee.

SIR HAROLD BEAUCHAMP TRUST.

The purpose of a Trust provided by Sir Harold Beauchamp was to build up a capital fund of £15,000, the income from which was to be used for the purchase of pictures. This Trust is administered by the Public Trustee, and the Board's interest is a contingent one only until the corpus reaches £15,000. Thereafter the income will be paid to the Board and will be expended as indicated above.

The position of the Trust Fund at 31st March, 1939, is as follows:		£	s.	d.
Balance at 1st April, 1938	12,042	16	5
Interest for year (to be capitalized)	478	16	10
Balance at 31st March, 1939	£12,521	13	3

J. R. DEAL, Treasurer.